

Message Text

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ACTION ARA-10

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E.O. 11652: N:A

TAGS: ECON, EINV, BF

SUBJ: PRIME MINISTER BLASTS GRAND BAHAMAS DEVELOPMENT

COMPANY IN SPEECH ON FREEPORT ECONOMY

REF: (A) NASSAU 0095 (B) NASSAU 0488

1. IN APRIL 12 FREEPORT LUNCHEON SPEECH AND IN REMARKS
LATER IN DAY ON "CONTACT" RADIO PROGRAM, GCOB PRIME MINISTER
BLASTED GRAND BAHAMA DEVELOPMENT COMPANY AND PORT AUTHORITY
FOR WASTING MILLIONS OF DOLLARS ABROAD AND "DAMAGING IMAGE"
OF BAHAMAS THROUGH LAND SALE PRACTICES THAT HAVE BROUGHT CHARGES
OF MISLEADING AND DECEPTIVE ADVERTISING AGAINST COMPANY IN
U.S. DEVCO, THROUGH INTERCONTINENTAL DIVERSIFIED CORPORATION,
A PANAMANIAN PARENT COMPANY, HE CHARGED, HAD SPECULATED
UNSUCCESSFULLY ON LAND SCHEMES IN CALIFORNIA, FLORIDA AND
THE CANARY ISLANDS, THUS BRINGING ON HUGE DEFICITS AND AN
UNWILLINGNESS TO INVEST IN FREEPORT WHICH CONTINUES TO STAGNATE
ECONOMICALLY. PINDLING IMPLIED THAT DELINQUENT LAND SALES
ACCOUNTS OF DOLS 14 MILLION AND U.S. LAWSUITS HAD LED TO THE
"CRYPTIC ANNOUNCEMENT" OF THE RESIGNATION OF IDC CHAIRMAN
GERALD GOLDSMITH FEBRUARY 20 AND TO THE MARCH 4 RESIGNATIONS
OF DEVCO PRESIDENT GEORGE KATES AND JACK HUNT, A DIRECTOR.

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HUNT, HE NOTED, HAS BEEN NAMED IN CONSUMER PROTECTION ACTIONS

FILED WITH U.S. FEDERAL TRADE COMMISSION.

2. AS OTHER SOURCES OF FREEPORT'S ECONOMIC PROBLEMS, PINDLING CITED THE GLOBAL EFFECTS OF THE ARAB OIL BOYCOTT AND THE DEGREE TO WHICH BORCO AND BAHAMAS CEMENT ARE DEPENDENT ON U.S. MARKETS. BAHAMAS CEMENT'S FLORIDA MARKET, HE OBSERVED HAD DRIED UP AS A RESULT OF THE CONSTRUCTION DOWNTURN THERE, WHILE BORCO COULD NOT COMPETE UNDER NEW U.S. ENERGY REGULATIONS WITH AMERADA HESS REFINERY IN ST. CROIX, U.S. VIRGIN ISLANDS, WHICH CAN SELL FUEL TO U.S. AT DOLS 1.50 TO DOLS 3.00 PER BARREL CHEAPER. GCOB, HE SAID, WOULD "ASSIST" THESE COMPANIES AND ENDEAVOR TO POINT OUT TO USG THAT BORCO IS "ASSET TO BAHAMAS."

3. PERHAPS REFERRING TO THE LATE HOWARD HUGHES AND HIS SUMMA CORPORATION, PINDLING SAID THERE IS "NO USE WAITING FOR THE GOOD OLD DAYS TO RETURN" OR FOR "SOMEONE ELSE TO PLAN FOR OUR PROSPERITY." "IT IS TIME FOR SERIOUS ECONOMIC PLANNING AND MUCH HARD WORK." REFERRING TO SUMMA'S OPTION ON THE LUCAYAN HOTEL, HE INDICATED THAT, ALTHOUGH THERE WILL BE ONLY ONE GOVERNMENT-OWNED CASINO ON ISLAND, GCOB MIGHT CONSIDER SHIFTING SITE OF SAME TO LUCAYAN AFTER SALE.

4. COMMENT: IN GENERAL, PINDLING'S PINNING OF FREEPORT ECONOMIC WOES ON SERIES OF CAUSES BEYOND HIS CONTROL WAS POLITICALLY PREDICTABLE -- AND WE FEEL, TO A GREAT DEGREE, ECONOMICALLY JUSTIFIABLE. HIS REMARKS ABOUT BORCO AND BAHAMAS CEMENT HAVE BEEN HEARD BEFORE (REF A) AS HAS HIS GENERAL DISLIKE FOR DEVCO. VEHEMENCE OF HIS ATTACK ON LATTER WAS NOTE-WORTHY, HOWEVER, ESPECIALLY IN VIEW OF RECENT INDICATIONS (REF B) THAT GCOB CONSIDERING EQUITY PARTICIPATION WITH PORT AUTHORITY. EQUALLY SURPRISING, OF COURSE, WAS RAPIDITY OF HOUSECLEANING AT TOP OF IDC AND DEVCO. KATES, FOR EXAMPLE, WAS FEATURED ON MARCH COVER OF FREEPORT-BASED BAHAMIAN REVIEW MAGAZINE AS ITS "CITIZEN OF YEAR." TAYLOR

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